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# USSR Report

POLITICAL AND SOCIOLOGICAL AFFAIRS

No. 1331

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## PRINCIPLES OF SOVIET AID TO THIRD-WORLD REVOLUTIONARIES EXPLAINED

Moscow RABOCHIY KLASS I SOVREMENNYI MIR in Russian No 4, Jul-Aug 82 pp 16-26

[Article by L. N. Lebedinskaya, candidate of historical sciences, senior scientific staff member, IML of the CPSU CC: "Peoples of the Former Colonial World and Real Socialism"]

[Excerpt] Remaining in the vanguard of the liberation struggle in the former colonial countries, as before, is the revolutionary democracy, the left wing of which is evolving in the direction of scientific socialism and entering into close ties with the communist movement both within the liberated countries as well as in the world arena. Scientific socialism is asserting itself more and more as a reliable theoretical base for solving the problems of the liberated peoples' economic and social progress. The leading detachment of the present-day national-liberation movement consists of the Marxist-Leninist parties of the liberated states, which are consistently carrying out a policy of proletarian internationalism.

The most complete and multi-faceted unity of anti-imperialist positions and actions of the forces of real socialism and those of the national-liberation movement has been achieved with the socialistically oriented countries. The realities of the present-day period serve as confirmation of the correctness of the Marxist-Leninist classics concerning the possibility--under the conditions of the onset of socialism--to by-pass the capitalist stage for peoples who have lagged behind in their economic and social development and who are striving to make the transition to a socialist system of society.

The 26th CPSU Congress, for the first time in the international communist movement, designated the principal trends of the socialist orientation as follows: gradual elimination of the imperialist monopolies' positions, as well as those of the local big bourgeoisie, and the feudal lords, limitations on the activity of foreign capital, ensuring the people's state the commanding heights in the economy, the transition to a planned development of production forces, encouragement of the cooperative movement in the rural areas; increasing the role of the toiling masses in public life, strengthening the state apparatus with national personnel; the anti-imperialist nature of the foreign policy; the strengthening of the revolutionary parties which express the interests of the broad masses of the toiling people.

The basic conditions for the movement of countries toward socialism, bypassing the capitalist stage (fully or partially) are composed of the active inter-action of foreign and domestic factors. The historical possibility for such a development arises only in circumstances of a strengthening and growth of the socialist countries and expansion of the multi-faceted ties between the socialist states and the countries entering onto the path of consistent democratic changes. However, foreign conditions with all their importance do not constitute a self-sufficient factor for the development toward socialism. The steady upsurge of the revolutionary movement of the broad-based popular masses within these countries themselves--is the backbone of development along the road to socialism.

The action of factors favoring the creation of socio-economic, political, and cultural prerequisites for the transition to socialism is implemented within the process of resolving a complex of contradictions:

--between the subordinate status of a country within the world capitalist economy and the objective necessity of economic independence;

--between the need for foreign capital and the lack of desire on the part of the imperialists to grant capital on anything other than predatory conditions;

--between the anti-imperialist interests of broad strata of the population, including the peasantry and the urban petite bourgeoisie, and the class homogeneous foreign and local capital;

--between the striving of the socialist countries to aid the working people of the liberated countries to achieve the elimination of exploitation, to overcome backwardness and the lack of a complex of domestic economic and social conditions for the direct transition to a socialist revolution.

Practical experience has shown that the greatest effectiveness of inter-action between the liberation struggle in the former colonial world and real socialism is attained for both sides within the unconditional observance of a number of general principles, with their creative, flexible application, using newer and newer forms. Among these principles are the following:

1. A realistic, scientifically well-grounded, and multi-faceted evaluation of the specifically historical needs of the revolutionary development of the parties entering into interaction within a careful posing of the current and prospective problems of this development.
2. The coincidence of the general evaluations of the international situation, the disposition of forces in the international arena, and the over-all anti-imperialist position.
3. The coincidence in the basic and main views of the leading forces of the liberation movement in the young states with the views of the party and state leaders of the fraternal socialist countries on the imminent program of action of the revolutionary forces and the need for foreign support brought about by it.

4. Mutual trust, respect of the parties involved, and good will.
5. Non-interference in domestic affairs and foreign policy, the lack of any kind of compulsion or dictates in relations.
6. Taking into account the real limits of economic possibilities or other resources of the socialist countries in rendering aid to the developing states.
7. The impermissability of misusing aid, utilizing it for purposes which are contradictory to the interests of the struggle for socialism and national liberation, to the interests of the toiling masses.
8. The impermissability of parasitical attitudes in connection with obtaining aid from the socialist countries, as well as positions under which the socialist countries are put on the same level with capitalist ones (the rich "North") in regard to the historical debt to the former colonial countries.
9. The maximum possible consideration of the historical experience of all the revolutionary forces which have solved analogous problems under similar conditions. Persistent analysis of the mistakes which have been permitted in order to avoid their repetition.
10. Recognition by both sides of the fact that the international interests of revolutionary development and the development of the world revolutionary process as a whole take precedence over narrowly national interests.
11. Active propaganda among the masses of actions directed at strengthening and expanding the alliance of world socialism and the consistently democratic forces of national liberation, propaganda for the principles of international solidarity among all the revolutionary forces of the present day.

The democratic strata of the developing countries which have embarked on the development of relations of solidarity with real socialism have a complex structure. They comprise Marxist-Leninist parties and organizations, many of which are still in the stage of emerging. They are also revolutionary-democratic parties and the progressive elements of the bourgeois-democratic parties. They are progressive trade unions and general-democratic movements. They include the state apparatus in the persons of those employees who are conducting a policy of consistent anti-imperialist struggle for a true national liberation and social progress.

Class differences and frequently even profound social antagonisms, as well as social groups of various kinds which are in opposition to each other, have substantially weakened the degree of their domestic unity, which is reflected directly in the development of international ties with the peoples of the socialist community. Certain social groups have manifested an inconsistency and have turned away from the course which they adopted earlier. Supported by imperialist propaganda, the spirit of nationalistic prejudices and a deeply rooted distrust toward persons of the white race have exacerbated such a position. However, the policy of imperialist exploitation, which is continuing in new forms, has again and again compelled the patriotically minded members of various strata of these countries to seek out an international alliance with the consistent fighters against the

forces of imperialism and reaction--the peoples of the socialist countries.

The new deployment of class forces in the liberated countries is determining more and more the contents of their foreign ties. In those young states where the bourgeoisie is in power its international alliance with imperialism has been strengthened. And, in contrast, the widest and most long-range contacts with socialist countries have been developed in the socialistically oriented states.

The attitude of countries belonging to the socialist community toward the national-liberation forces is based on the objective necessity for the unification of all working people. The socialist countries have exposed the opposition of the interests of various nations, the policy of dividing and oppressing nations, as well as poisoning the national consciousness. While strictly adhering to the principle of non-interference in the internal affairs of other states, the ruling Communist and workers' parties of the fraternal countries have conducted with regard to the revolutionary democratic forces of national liberation a foreign policy guided by the principles formulated by Lenin as follows: "...To the world of national oppression, national bickering, or national isolation the workers oppose a new world of the unity of the working people of all nations, wherein there is no place either for a single privilege or for the slightest oppression of man by man."<sup>8</sup>

The influence of victorious socialism on the forces of national liberation is carried out along the following three lines: in the first place, the fraternal socialist countries weaken imperialism, thereby creating favorable external conditions for the anti-imperialist struggle of the national, democratic forces within the former colonial countries; in the second place, victorious socialism influences the peoples who are struggling for their full national liberation and social progress, by the force of example it demonstrates the visible advantages of the new structure over the system of capitalist exploitation; in the third place, it renders direct international aid in support of its own allies in the anti-imperialist struggle within the former colonial world.

Despite the attempts by bourgeois propagandists to ascribe to the Soviet Union the expansionist aspirations which are inherent to the imperialist states, the USSR has never violated nor does it violate the sovereignty and independence of any people whatsoever. It was precisely on the initiative of the USSR that the UN adopted the declaration granting independence to the colonial countries and peoples. As a result of a fierce struggle against the defenders of colonialism, the principle of peoples' self-determination was included in the UN Charter and is now a generally recognized principle of international law, one of the main principles on which international relations must be based.

The 26th CPSU Congress and the subsequent course of international events have very convincingly demonstrated that on the global level the tendencies toward unification of the efforts of the peoples of the former colonies and dependent countries in the struggle against imperialism and neo-colonialism manifest themselves in the course of working out and conducting an integrated policy of the developing countries themselves and, on a broader scale, extending to the entire sphere of mutual actions by the world's anti-imperialist forces.

The anti-imperialist struggle of the forces of national and social liberation in the young national states and their interaction with the fraternal socialist

countries are being carried out in various fields; they have various problems and diverse forms. It is based on the independent or mutually coordinated political, economic, and ideological actions, directed at weakening the positions of imperialism. These actions may coincide or not coincide in time and specific tasks, but they are directed equally against the system of imperialism as a whole or against one of its elements.

When the politically organized forces of national liberation in these or other countries enter upon the path of preparing and carrying out socialist changes, the sphere of their mutual interaction with the countries of real socialism expands considerably. The peoples waging a struggle for full national independence and social progress are obtaining more and more support from the countries of the socialist community, inter-state relations are becoming more profound, and cooperation in the political field is beginning to encompass very important international problems, such as the lessening of tensions and the strengthening of peace, the opposition to imperialist aggression and dictates, the struggle against colonialism and neo-colonialism, against inequities in international economic ties, etc.

In rendering aid to peoples which are fighting for their own liberty, the Soviet Union is not attempting to impose its own social system. "We are against the export of revolution," it was stated at the 26th CPSU Congress, "but neither can we agree with the export of counter-revolution."<sup>9</sup> We render aid when liberated states turn to us with requests to strengthen their defensive capabilities in cases of an intensification of domestic reaction or aggression from outside the country, undertaken in order to deal harshly with popular revolutions. Numerous facts testify to this. Together with the peoples of the other socialist community countries, the Soviet people have manifested their determined solidarity with the peoples of Cuba, Vietnam, Laos, Kampuchea, Angola, Ethiopia, and Afghanistan.

When the young People's Republic of Angola from the very first days of its existence became an object of intervention on the part of imperialism and South African racism, the Soviet Union responded to the call for aid to the Angolan people. And now the leader of the MPLA [Popular Movement for the Liberation of Angola]--Labor Party, which has affirmed itself as a Marxist-Leninist party, J. E. Santos, has declared the following: "The MPLA--Labor Party and the entire Angolan people highly value the solidarity of the Soviet people. During the 15 years of the liberation struggle and the five years of work on reviving the country we have constantly received support from Lenin's homeland. Our people are proud of the bonds of friendship and cooperation which connect Angola and the Soviet Union."

A vivid manifestation of internationalism was the aid provided by the fraternal socialist countries to revolutionary Ethiopia, which, as the result of aggression, supported by the imperialist forces, was under the threat of dismemberment.

Against the Afghan Revolution imperialism unleashed a genuine "undeclared war." The scope of the interference by these forces in the internal affairs of a sovereign state had reached such dimensions by the end of 1979 that there arose a direct threat not only to the revolutionary gains of the Afghan people but also to stability throughout the entire region, including the southern border of the Soviet Union. As L. I. Brezhnev declared, "...there came a time when we could no longer fail to respond to the request of Afghanistan's government, one which is

friendly to us. To act otherwise would have meant to give Afghanistan over to imperialism to be torn apart, to allow aggressive forces to repeat here that which they succeeded in doing in Chile, for example, where the people's freedom was drowned in blood."<sup>10</sup> Fraternal aid was rendered to the Afghan people by the Soviet Union in full accordance with the Treaty on Friendship, Good-Neighborliness, and Cooperation which was concluded on December 1978, as well as with the UN Charter, where the right of every state to individual and collective self-defense was established.

From the rostrum of the 26th CPSU Congress the general secretary of the People's Democratic Party of Afghanistan CC, the chairman of the Revolutionary Council, and prime minister of the DRA [Democratic Republic of Afghanistan], B. Karmal, expressed profound gratitude to all Soviet Communists and to the Soviet people for the fraternal international aid which was rendered at a difficult and responsible moment, when a decision was made on the question of the life and death of the revolution, the question of the country's defense. B. Karmal declared the following: "I address my own voice to the people of the entire world, and I say that, despite the slander and traitorous provocations of international reaction: if it had not been for the aid from the great Soviet Union to heroic Afghanistan, there would be no revolutionary, free, independent, and non-aligned Afghanistan today."<sup>11</sup>

The principled nature of the Soviet Union's position, in contrast to that of the participants in the Camp David agreement, who openly scorned the interests of the Palestinian people and its legitimate right to independence, determines its attitude toward the matter of the equitable regulation of the Near Eastern problem with the participation of all the interested parties, including the Palestine Liberation Organization. This regulation presupposes the withdrawal of Israeli troops from all the Arab territories which were occupied in 1967; the realization of the inalienable rights of the Palestinian Arab people, including its right to self-determination and the creation of its own state; ensuring the right to independent existence and security of all states which are direct participants in the conflict, the Arab states as well as the state of Israel; the cessation of a state of war between the Arab countries and Israel. This position of the Soviet Union was affirmed at the 26th CPSU Congress. The Soviet Union and other countries of the socialist community have rendered active support to the patriots of South Africa, who are breaking down the walls of the last colonial-racist prisons.

In their turn, the progressive forces of the national-liberation movement have unalterably manifested their solidarity with the people of the Soviet Union. Thus, in a document of the Communist Parties of Tropical and South Africa, adopted at their conference during the summer of 1978, the African Communists formally proclaimed the fact that they comprise an inalienable part of the international workers', national-liberation, and communist movement, that they are sincere friends of the Soviet Union, other socialist countries, and all socialistically oriented countries, that they have struggled and always will actively struggle for a firm and unbreakable alliance between Africa's liberation movement and the socialist world, with the international working class and the national-liberation movement on all continents, that they have been and will always remain consistent internationalists and patriots.

A truth commonly recognized by all the consistent revolutionaries of our planet, as stated at the 26th CPSU Congress by the chairman of the Sudanese Communist Party, A. Salim, has become the understanding of the fact that the system of the fraternal socialist countries comprises the foundation on which is based the struggle of peoples on all fronts in the contemporary world. In setting forth the position of his own party, he declared as follows: "...We consider that the strategic alliance between the socialist system and the worldwide national-liberation movement is the sole guarantee of the strengthening of the political and economic independence of the liberated countries. This factor has facilitated the struggle of the peoples of these countries against the predatory, imperialist plundering of their national resources, against the domination of the imperialist monopolies in their national economy. This factor has assisted the intensification of the struggle of the liberated countries to restructure the world economy on a more equitable and democratic basis.

Life has shown that the most effective weapon of the national-liberation movement is its alliance with the USSR, for it is precisely this which guarantees national sovereignty, political and economic independence, and social progress."<sup>12</sup>

The 26th CPSU Congress demonstrated very obviously, in the first place, the drawing together of the interests and tasks of the countries of the socialist community, the Soviet Union, and the progressive forces of the world's countries which have been liberated from colonialism; in the second place, a separation out of the general stream of the national-liberation movement the completely precisely formed class allies of socialism.

Mutually advantageous economic relations have been successfully developed between the fraternal socialist countries and the young national states. They are being carried out on the basis of the principles of peaceful co-existence and the international support of the progressive tendencies of the socio-economic development of the liberated countries by the socialist peoples.

The uniqueness of these relations has been conditioned by two circumstances. On the one hand, the developing countries have continued to remain within the system, shaken by profound crises, of the world capitalist economy as its most backward, injured, and dependent periphery. They act from the position of the weakest partners in the economic relationship, those which need aid from without. On the other hand, the requirements of economic liberation from imperialism are pushing the national-democratic forces of the young, independent countries onto the path of progressive, internal, socio-economic changes, and this is inevitably reflected in the foreign orientation of their trade-economic ties. Insofar as the latter unite the developing countries more closely with the socialist countries, the more democratic these changes become, and the more they are directed at creating the prerequisites of socialism. And it was not by chance that the President of Angola, J. E. Santos, stated at the 26th CPSU Congress that his country "was decisively entering upon the path of socialist development, in order to subsequently become a firm link in the world system of socialism." Moreover, he added: "Of particular importance for us is the multi-faceted, mutually advantageous co-operation with the countries of the socialist community."<sup>13</sup>

The economic cooperation being obtained by the liberated states from the socialist countries is addressed primarily to the public--the state and cooperative--sector. The development of this sector ensures the numerical growth of real socialism's class allies--the proletariat and the laboring peasantry, joined together by large-scale industry and the cooperative forms of agricultural production. The strengthening of this sector has brought about the accumulation of domestic resources and aid to the struggle against disproportions within the economies of the developing countries, as well as with its dependence on foreign imperialist forces.

The ideologues of imperialism and the bourgeois-nationalist leaders have attempted to discredit the aid being received from socialist states. They declare that this help is being granted, so to speak, out of propagandistic motives or in order to gain "worldwide staging areas." Moreover, they belittle not only its volume but also the scope and nature of the progressive qualitative changes in the life of the countries which rely on this aid. The principal goal of such falsifications is to facilitate the retention and, if possible, even the strengthening of imperialism's economic positions.

The economic ties of the young states with the fraternal socialist countries are constantly being expanded, mutually advantageous trade and production cooperation are being developed, new rules are being asserted for the granting of inter-state, non-discriminatory credits, there is expansion of the front of joint offensive actions against the imperialist policy of fixing prices, and there is intensification of the joint pressure on the imperialist states and international monopolies for the purpose of easing the conditions for granting foreign capital.

During the past five years the Soviet Union has concluded treaties of friendship and cooperation with Angola, Ethiopia, Mozambique, Afghanistan, the People's Democratic Republic of Yemen, and Syria. The cooperation of these countries with the socialist countries encompasses the most diverse branches of the national economies of the developing countries, but, above all, it is facilitating industrial development. In accordance with its agreements, the USSR alone has rendered and is rendering aid in the construction and expansion of more than 1,000 industrial enterprises and other national-economic facilities.

In one form or another the USSR has taken part in the past five years in carrying out the construction of many large-scale facilities which are extremely important for the economies of the developing countries. Cited at the 26th CPSU Congress were such gigantic structures as the As-Saur Hydroelectric Power Complex in Syria (it accounts for more than 70 percent of the electric power produced in the country), the second stage of a metallurgical plant in Algeria (its capacity has reached 2 million tons of steel), an enterprise for mining bauxites in Guinea (2 million tons), and others.

Such cooperation with the Soviet Union, according to the declarations of many of the foremost state and party leaders of the liberated countries, has responded to the economic strategy of their states, their aspiration to overcome backwardness and to put an end to their inequitable position within the international capitalist division of labor. In assisting in the construction of industrial and other facilities, the Soviet Union and the fraternal socialist countries are sharing advanced technical skills and production experience with the young states.



Bourgeois propaganda has attempted to prove that the socialist countries are acting as competitors of the young nationalist states in the world market for energy raw materials. However, the practice of coordinated actions in establishing prices on a number of items has demonstrated the utter groundlessness of such accusations and the correctness of the trend of the developing countries toward the policy of a joint struggle, along with the countries of real socialism, against monopolistic price dictates on raw materials.

The highest level of trade and economic cooperation with the Soviet Union has been reached by such countries as India, Syria, Algeria, Angola, and others. During the years of independence in India gigantic enterprises were built; they now comprise the basis of this country's heavy industry. Economic ties have been established and expanded with Nicaragua and other countries which are overcoming economic dependence on the imperialist powers and the monopolies.

The Comprehensive Program for the Socialist Economic Integration of the CEMA Member Countries contains a statute which characterizes the principal position of the fraternal socialist states with regard to the forces of national liberation. It is stated there that the "CEMA member countries, in accordance with the policy of peaceful co-existence conducted by them and in the interests of social progress, as well as proceeding from the fact that the international socialist division of labor is constructed with consideration being given to the world-wide division of labor, will continue to develop economic and scientific-technical ties with other countries, regardless of their social or state system, on the principles of equity, mutual advantage, and the observance of sovereignty. Moreover, they will ascribe particular importance to the further expansion of trade, economic, and scientific-technical cooperation with the developing countries."<sup>14</sup>

The peoples of the socialist community have done a great deal to develop education and science in the liberated countries. With the aid of the Soviet Union alone more than 130 educational institutions have been built and are functioning, and 64 are at the stage of planning and construction. Since the mid-1950's there has been a yearly acceptance of students from the developing countries at the VUZ's and tekhnikums of the Soviet Union. They are now enrolled at approximately 300 educational institutions. In accordance with inter-governmental agreements, their training is coordinated with the economic-development plans of their respective countries. The USSR, in its own educational institutions, in on-the-job courses within the country and abroad, has already trained several hundred thousand specialists and skilled workers for the countries of Asia and Africa.

The peoples of the developing countries see in the fraternal socialist countries the convincing advantages of the new system in comparison with the bourgeois system. In his own time, Lenin, while addressing the delegates to the Second Congress of the Communist Organizations of Eastern Peoples, noted the enormous international importance of the experience of the development in the direction of socialism of the formerly backward peoples of the former outlying areas of the Russian Empire. "On a small scale," he said, "we have accomplished in our country what you are accomplishing on a large scale in large countries."<sup>15</sup> Inspired by the examples of overcoming age-old backwardness within historically brief time-periods on the path of building socialism, the peoples of the developing countries are acting decisively to consolidate the gains of independence and social progress.

In speaking about the enormous achievements of the USSR in economics, science, technology, culture, and in the development of socialist democracy, the foremost leaders of the national-liberation movement have constantly emphasized that the new victories which have been won by the Soviet Union have inspired the peoples of the young states on their path to attain genuine liberty. Speaking at the 26th CPSU Congress, the chairman of the Commission on Organizing the Party of Ethiopian Working People and chairman of the Provisional Military Administrative Council of Socialist Ethiopia, M. H. Mariam stated the following: "Ethiopian revolutionaries and working people, proceeding along the path of Lenin and the Great October Revolution, side by side with the Communist Party of the Soviet Union, consider themselves to be a component of the world system of socialism. They have taken into account the fact that the more than 50 years of the USSR's experience in the cause of building socialism is for them a model and a reliable guarantee of their bright future."<sup>16</sup>

In their unity with world socialism and the revolutionary working class of the developed capitalist countries, the forces of national and social liberation in the former colonies are actively influencing the development of the contemporary world. By disrupting the imperialist system of inequality among countries and peoples, they are making an ever-increasing contribution to the affirmation of the principles of democracy and socialism in their own countries and throughout the world.

#### FOOTNOTES

8. V. I. Lenin, "Poln. sobr. soch." [Complete Collected Works], Vol 23, p 150.
9. See "Materialy XXVI s"yezda KPSS" [Materials of the 26th CPSU Congress], p 13.
10. L. I. Brezhnev, "Leninskim kursom. Rechi, privetstviya, stat'i" [Following Lenin's Course: Speeches, Greetings, Articles], Vol 8. Moscow, 1981, pp 246-247.
11. "XXVI s"yezd KPSS. Stenograficheskiy otchet" [The 26th CPSU Congress], Vol 2. Moscow, 1981, p 288.
12. Ibid., Vol 3, pp 24-25.
13. Ibid., Vol 1, pp 330-331.
14. "Kompleksnaya programma dal'neyshego uglubleniya i sovershenstvovaniya so-trudnichestva i razvitiya sotsialisticheskoy ekonomicheskoy integratsii stran-chlenov SEV" [A Comprehensive Program for Further Deepening and Improving Cooperation and Development of Socialist Economic Integration among the CEMA Member-Countries], Moscow, 1972, p. 8.
15. V. I. Lenin, Op. cit., Vol 39, p 329.
16. "XXVI S"yezd KPSS..." Vol 1, p 300.

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## ECONOMIC POLICIES COSTING REAGAN WORKING-CLASS SUPPORT

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[Article by A. A. Popov, candidate of historical sciences, sector chief, United States of America and Canada Institute, Moscow, of the USSR Academy of Sciences: "'Reaganomics': The Struggle between Two Courses and the Position of the U.S. Working Class"]

[Text] During the period of Reagan's presidency the role of economic factors in the socio-political life of the United States has increased noticeably. This has occurred primarily because the worsening of the economic position of the United States has evoked serious alarm among the ruling class and dissatisfaction among American working people.

President Reagan, who not only promised to straighten out the economic situation but also proposed a specific strategy for achieving this goal (a strategy which has come to be called "Reaganomics") gained an impressive victory in the 1980 elections over his predecessor, whose activities had evoked universal disenchantment. However, having taken this obligation on himself, the President thereby made the success of his own presidency dependent on its fulfillment. Albeit from differing points of view, both a significant part of the ruling class as well as ordinary Americans are judging and will judge the activity of the Republican administration primarily by the results of its economic policy. The political fate not only of the Reagan administration but also of the entire conservative wave which has risen so high in the United States during the last few years depends to a very large degree on the success or failure of "Reaganomics."

Behind the political game (conservatives vs. liberals, Republicans vs. Democrats) there arises an even more serious question about the paths of development of American capitalism as a whole. Although at the present time in opposition circles connected with the Democratic Party intense efforts are being made to seek alternative economic solutions, up to now these efforts have not gone beyond suggestions merely as to how to partially correct the government's economic course. On the whole, the U.S. ruling class as of today has no precisely formulated alternative to "Reaganomics." And if Reagan's economic policy ends in failure, it is neither theoretically nor practically clear as to what paths American capitalism must take in order to seek a solution to the long-term crisis of its economic system. If the course aimed at strengthening economic conservatism, curtailing state regulation of the economy, according greater freedom to the monopolies, redistributing the national income in favor of the rich people and well-to-do

strata, encouragement of capital investments by means of further lowering the working people's standard of living, still does not "work out," then what next? This question is already now causing serious alarm in the ruling class and is intensifying as all the contradictions of "Reaganomics" become manifested. Within the framework of intellectual discussions proposals are being put forth concerning the possibility of extremely radical changes of American society in case the present economic strategy of the ruling circles collapses.

This, however, is a matter of the distant future. At the present time it can be stated that "Reaganomics," by virtue of the importance of the problems confronting it, the hopes and expectations which it has engendered, the influence which it is exerting on the situations of tens of millions of Americans, has become a most important factor not only of economic development but also of the internal political situation. The positions of the government within the country, the upsurge of mass social-protest movements, the correlation of forces between the parties and various factions of the ruling class, in other words, the dynamics of internal political development depend, to a large extent, on how successfully or unsuccessfully "Reaganomics" is functioning.

For the U.S. working class the Reagan administration's economic policy is of great importance. First of all, it has a direct effect on the economic position of the working people. In large degree, this policy determines the scope, structure, and duration of unemployment, the level of inflation the dynamics of wages, the amounts and time periods of benefits being paid out (in particular, with regard to unemployment compensation); it exerts a direct influence on collective bargaining agreements concluded by trade unions.

The course taken by the ruling circles in the socio-political sphere is of top-priority importance for the formation of American workers' political views, the position of the trade unions, their relationship to the government, the Congress, and the political parties. As is known, the strategists of the Republican Party as far back as during the period of the Nixon presidency set forth the task of creating a "new Republican majority," called upon to replace the "great coalition" of the Democrats, dating back to the time of F. Roosevelt's "New Deal," a key element of which was comprised by the trade unions. In the 1980 elections Reagan succeeded in getting 4 percent[sic] of the votes of trade-union members, which, to a large extent, foreordained his impressive victory over Carter. With this success the Republican leadership connected far-ranging hopes for gaining a broad mass base and establishing the dominance of conservatives in the political life of the United States until the end of this century. Moreover, the Republicans were counting on the long-term support of a significant portion (as much as 40--50 percent) of workers who are members as well as non-members of trade unions, and without which any attempts at creating a solid voting coalition would be doomed to failure. However, the position of the wavering portion of the voters from the workers' environment depends primarily on their attitude toward the economic policy of the ruling circles. Insofar as "Reaganomics" was conceived as a long-term economic strategy, to that degree its success or failure must also exert a substantial influence on the outcome of the 1982 and 1984 elections as well as to determine, in large measure the long-term political orientation of a significant portion of the working class and thereby likewise the long-term trends of U.S. political life as a whole.

At the beginning of the 1980's conservative circles also undertook persistent efforts to increase ideological influence on the working class. This goal is served, above all, by the so-called "supply-side economic theory," which was adopted as an instrument by the Reagan administration. The advocates of this theory promised to achieve a "healing of the economy" within the briefest possible time, to stimulate an impressive economic growth and improve the situation of working people. These demagogic pronouncements had a temporary success among a portion of the workers. At the present time American trade unions are applying great efforts to demonstrate to rank-and-file workers, in the first place, the economic groundlessness of this theory and, in the second place, its masked, anti-labor tendency. Of decisive importance here, however, will be the results of the practical implementation of this theory.

But how do matters stand with regard to solving the economic problems as a result of the year and a half of Republican rule; and how has "Reaganomics" affected the situation of working people?

After a brief upswing during the first quarter of 1981 the economic growth rate began to slow down, and by autumn the country's economy had slipped into an extremely sick economic decline. During the fourth quarter of 1981 the GNP sank by 5.4 percent<sup>1</sup>, and in the first quarter of 1982--by yet another 4.5 percent<sup>2</sup>. During the second quarter the GNP, according to preliminary data, was supposed to increase by 0.6 percent<sup>3</sup>, which, however, is far from sufficient to restore economic activity. There was a decline in the stock prices of industrial corporations. The number of bankruptcies in 1981 increased by 42 percent, as compared with the previous year.<sup>4</sup> Although the unemployment level in April 1982 reached 9.2 percent or 10.3 million people, according to trade-union data it exceeded 13 million people. The inflation level declined significantly: from November 1981 through March 1982 it averaged 4.5 percent, but this did not bring any easing of the situation for workers' families. As TIME magazine wrote, "instead of lamenting about the uncontrollably growing prices, workers everywhere are now complaining about the fact that they are losing their jobs." As a result of a poll conducted by the NEW YORK TIMES and CBS NEWS in March 1982, it was revealed that 32 percent of those questioned consider unemployment to be the most serious problem now facing the country, while only 15 percent see inflation as the chief villain.<sup>5</sup>

The presence of mass unemployment has exerted a direct influence on the workers who are employed as well. During the first few months of 1982 the auto workers' trade union concluded new collective-bargaining agreements with the Ford and Chrysler companies, providing for considerable concessions with regard to wages and social benefits, in particular, an abandonment of automatic wage increases in line with the growth of inflation. Analogous conditions have also been achieved by General Motors, negotiations with which were scheduled to be completed in July 1982. Similar agreements, containing a surrender of many gains made by the working class of the United States during the post-war years, had to be concluded by trade unions in the rubber and steel industries, in highway and air transport, as well as in other sectors. A common trait of these agreements was the agreement on the part of the trade unions to lower real wages in exchange for certain guarantees on employment. On the whole, the level of real wages earned by American workers has continued to decline over the last few years: during the period 1979--1981 it declined by 9.7 percent.<sup>6</sup>

The sharp curtailment of socio-economic programs which has been undertaken by the administration and Congress has exacerbated still further the economic difficulties now being experienced by working people. According to the calculations of the trade unions, the cessation or sharp curtailment of allotments to employment programs financed by the government, to subsidized housing construction, the dismissal of a considerable number of federal government employees has deprived the American economy of 1,250,000 jobs in 1982.<sup>7</sup> The imposition of stricter requirements on the recipients of unemployment compensation benefits and on those who, having exhausted the right to receive these benefits, are compelled to seek aid out of poverty has led to the break-up and impoverishment of many workers' families. Moreover, the members of national minorities, women, and young persons are in a particularly unfavorable position.

As regards the much-advertised program of reducing taxes, the advantages from it for workers' families is hardly felt at all in practice. The average worker, who earns 12,000 dollars a year, will receive a tax reduction of only \$1.77 a week.<sup>8</sup> Taxes for the average American family with an income of 20,000 dollars a year will be lowered by 228 dollars in 1982, 371 dollars in 1983, and 464 dollars in 1984.<sup>9</sup> At the same time, half of the entire tax reduction planned up to 1986, amounting to 730 billion dollars, will go to big business and the most well-to-do 10 percent of the U.S. population.<sup>10</sup>

The Reagan administration has not ceased reiterating that its economic program has been in operation only since October 1981 and will bear fruit beginning in the second half of 1982, when the economic upswing is to begin. In its draft budget for the fiscal year 1983 the administration asserts that the growth rate of the U.S. GNP in 1982 will amount to 3 percent, in 1983--to 5.2 percent, in 1984--to 4.9 percent.<sup>11</sup> However, the majority of non-administration experts consider these figures to be unrealistic. As we are informed by FORTUNE, a magazine of business circles, a group of prominent experts in April 1982 came to the conclusion that the upswing will be "weak and anemic," the growth rate of the GNP will hover around the zero mark in 1982 and will amount to about 3 percent in 1983.<sup>12</sup> Such a growth rate can bring about only a very slow solution to unemployment, which, according to the forecasts by specialists from the U.S. Department of Commerce, will be at the 9-percent level by the end of 1982.<sup>13</sup> Furthermore, there are great doubts among the specialists as to how persistent this upswing will prove to be and whether or not it will be replaced by a new decline as early as the next few years.

Thus, "Reaganomics" has not justified, at least up to the present time, those hopes and expectations with which it was connected, and, at the same time, it has led to a worsening of the working people's situation.

The U.S. working class is far from indifferent not only to the direct influence which the economic policy of the Reagan administration exerts on their material situation but also as to the question of the causes of the ineffectiveness of the government's recipes. The trade-union journal has written as follows in connection with this: "It is impossible to over-estimate the importance of the debates going on about the so-called 'supply-side economic theory' of the Reagan administration. A general economic theory explaining the causes for the rise of problems in our society and which indicates how to cope with them is very important

for all of us, since it determines our support or opposition in relation to this or that specific economic program."<sup>14</sup> Indeed the working class cannot merely passively observe the implementation of the ruling circles' economic policy. However, in order to set forth their own alternative program, the working organizations must, as pointed out by the representatives of the American trade unions, subject to a detailed analysis the theoretical and practical basis of "Reaganomics," to show wherein it is invalid and unjust with regard to working people.

Many American economists have noted that the obvious contradiction of "Reaganomics" consists of the fact that the administration is attempting simultaneously to conduct a policy of limiting credit and growth of the money supply as well as a lowering of taxes. The former measure--a tight credit and monetary policy--is used for fighting against inflation and usually leads to a slowing down of the economic growth rate. The latter--lowering taxes--is supposed to stimulate a revival of the economy but may facilitate a growth of budget deficits and inflation. Thus, the government, so to speak, is simultaneously pressing its foot on the accelerator and on the brakes. Undoubtedly, up to now a stronger influence on the economy has been exerted by the policy of restricting credit, since the phase-by-phase reduction in the income-tax rates began only in October 1981 and at first was only modest in amount--by 5 percent.

In the opinion of most experts, the high interest rates, including those within the government itself, have played an extremely important role in the present recession. From May through September 1981 interest rates remained at a level of 20.5 percent, reflecting the policy of the Federal Reserve system, which at that time raised the prime rate to a record 14 percent.<sup>15</sup> Credit rates on mortgages granted for building new houses rose in August 1981 to 15.27 percent.<sup>16</sup> Such banking credit rates exerted a worsening influence on housing construction and facilitated depressions in the automobile industry as well as in the branches connected with it; they have led to the ruin of many small businessmen and, in a number of cases, have prevented big business from expanding production. As the recession increased, interest rates came down somewhat; from September through December the prime rate was reduced from 14 percent to 12 percent, and the rates on bank loans decreased from 20.5 percent to 15.75 percent (at a number of the largest banks).<sup>17</sup> However, in February 1982 the rates rose again to 16.5 percent. The fact that interest rates went up even before the end of the recession serves as a bad omen for the Reagan administration. In the opinion of such experts as Assistant Secretary of Commerce Dederick, the long-term credit rates should rise by 4 percent in order to restore business activity, but if they remain high, the economic upsurge might not even begin.<sup>18</sup>

The quite impressive lowering of inflation, if it turns out to be of long duration, could facilitate a reduction in the bank credit rates; however, this is being hindered by other elements of Reagan's policy, primarily by enormous budget deficits. The budget deficit in the 1982 fiscal year, at first planned to be in the amount of 42 billion dollars, now, according to the estimates of the administration itself, must reach 98.5 billion dollars; in 1983 the figure will be 91.5 billion dollars, in 1984--82.9 billion dollars, and in 1985--71.8 billion dollars.<sup>19</sup> However, according to the estimates of the Congressional Budget Office, if the administration's 1983 budget is adopted without changes, the actual amounts of the deficit will reach 182 billion dollars in 1983 and 296 billion

dollars in 1985.<sup>20</sup> Such monstrous deficits will inevitable give a powerful impetus to a new increase in interest rates and could cut short the onset of the economic upswing.

The formation of large deficits is assisted by the following two elements of "Reaganomics": the reduction in taxes, which lowers treasury revenues, and the enormous growth of military expenditures.

Still another contradiction of "Reaganomics" consists of the fact that, despite all the rhetoric about curtailing state expenditures, what is taking place is not so much a curtailment as it is a shifting of budget resources from the civilian sphere to that of the military. The administration is increasing the military budget by the same amount and at an even more rapid rate than that by which it is cutting the social programs. Since the military budget swallows funds in huge amounts, there is no real reduction in state expenditures, and the budget deficit does not decrease.

As a result, already within a year after the advent of the Republican President to the White House "Reaganomics" has proved to have a number of contradictions which are difficult of solution; in order to achieve a revival of the economy, it is necessary to lower the rate of banking credit, but this can hardly be successfully achieved with deficits reaching almost 100 billion dollars a year; the sizes of the budget deficits can only be lowered by means of raising taxes and further sharp cuts in budget allotments; however, it is difficult to carry either of these measures out because of political reasons, and, moreover, raising taxes could slow down the revival of the economy. Thus, the crisis of "Reaganomics" consists not only of the fact that the administration until now has not succeeded in "restoring health to the economy," to carry out its own promise, but also in the fact that the principles which lie at the foundation of the administration's economic policy have not worked out harmoniously. Despite the official rhetoric and optimistic assurances about the rapid onset of the economic upswing, the administration has been compelled de facto to admit, to a large extent, the rightness of its critics and to begin a limited correction of its own economic course. However, this correction is being conducted extremely inconsistently.

Behind these obvious contradictions of Reagan's economic strategy is concealed the fact of a sharp internal struggle between two internal factions which may be characterized as the adherents of the so-called "supply-side theory"<sup>21</sup> and the monetarists.

In contrast to what is frequently asserted in Soviet and foreign literature, "Reaganomics" is not an embodiment of the "supply-side theory," but rather a course which is based on using the recipes of two economic theories: the "supply-side" and monetarism; moreover, the struggle between the members of the two factions is taking place not only in the sphere of economics but also in politics.

The advocates of the "supply-side theory" represent more the small and medium-sized business interests rather than big business; industrial capital rather than finance capital; domestic business rather than international business; southern and southwestern interests rather than northeastern and mid-western interests. Economics professors Arthur Laffer and George Gilder have become their theoreticians. The "supply-side" theory itself was formulated and disseminated only within the last few years: five years ago such a term did not even exist.



In contrast to this, the monetarists constitute a traditional, conservative faction, oriented primarily on Wall Street, finance capital, and having close ties with the largest monopolies. In the field of theory the recognized chief of the American monetarists over the course of many years has been considered to be the economics professor Milton Friedman and other leading theoreticians of the conservative Chicago school.

Both factions are precisely represented in the ruling inner circle itself.

The two most consistent and influential adherents of the "supply-side theory"--economics professor Arthur Laffer and Congressman Jack Kemp--are not part of the administration itself; however, they cooperate closely with it and exert a genuine influence on its course. Leaning toward the "supply-side theory" within the administration itself are, primarily, the members of President Reagan's innermost circle, his political advisers. The President's foremost economic adviser, the director of the Office of Management and Budget, David Stockman, during the first few months of the Republican administration was known as a prominent advocate of the "supply-side theory" and a personal friend of Kemp; later, however, under the influence of harsh economic realities, he, in fact, switched over to the position of the monetarists. Within the Department of the Treasury the foremost advocates of this theory are considered to be the assistant secretary, Norman Ture and the assistant secretary, Paul Roberts, although both of them hold much more moderate views than Laffer and Kemp.<sup>22</sup>

At the same time the Federal Reserve system and its chairman, Paul Volker have conducted a strictly monetaristic policy. The monetaristic concepts are also shared by the majority on the President's Committee of Economic Advisers. Within the Department of the Treasury the monetarists are headed up by another assistant secretary, Beryl Sprinkel. The Secretary of the Treasury himself, Donald Regan, although he is compelled in words to support the administration's course, including those of its measures which correspond to the "supply-side theory," in fact, leans more towards monetarism.

On the whole, as Bank of America Senior Vice-President John Wilson has noted, "whereas the external frame of Reagan's economic policy was developed by advocates of the 'supply-side theory', the officials in the administration who are responsible for the day-to-day management of the economy consist of those who lean to another school of thought. They are traditional monetarists, and they may be found in the Federal Reserve system, the Department of the Treasury, and the Committee of Economic Advisers."<sup>23</sup>

Although, during the course of the 1980 election campaign and during the first few months of the Reagan administration the monetarists and the advocates of the "supply-side theory" concluded a temporary alliance (in particular, the leading theoretician of monetarism, Milton Friedman, approved the Kemp-Roth bill for reducing taxes as a means of curtailing state expenditures),<sup>24</sup> the contradictions between them increased and, in a number of instances, broke out into open conflicts. But the main thing is that this behind-the-scenes and open struggle has been reflected in the most direct manner in the administration's economic policy.

The adherents of the "supply-side theory" place their emphasis on economic growth, on guaranteeing employment, encouraging savings and accumulations, as well as stimulating capital investments. Moreover, they argue against curtailing the most popular social programs, such as, for example, social security.<sup>25</sup> The unorthodox nature of the defenders of the "supply-side theory" extends to the fact that they proclaim that a deficit in the federal budget is not in and by itself inflationary, although they recognize the theoretical desirability of balancing the budget. In the field of foreign policy the camp of the advocates of the "supply-side theory" contains a predominance of crude, provincial chauvinists, adherents of an unlimited arms race, and inveterate Anti-Soviets.<sup>26</sup>

Thus, the advocates of the "supply-side theory" promise everything to everybody: work to the unemployed, a lightening of the tax burden and an increase of savings to the middle strata, the possibility of sharply increasing capital investments and expanding production to businessmen, and a colossal increase in weapons for the Pentagon. The adherents of the above-mentioned "unorthodox" economic theory consider a sharp reduction in taxes to be the universal means capable of attaining these goals, which, in their opinion, are genuine and do not contradict each other. The initial Kemp-Roth bill, introduced into Congress in 1977, provided for a reduction in the rates of individual income taxes of 30 percent during the course of one year; later this time period was increased to three years. "The goal of this justifiable tax cut," as stated in Congressman Kemp's propaganda material, "is to create jobs,...to speed up economic growth, which will increase the over-all economic achievement, and will mean a better life for everybody."<sup>27</sup>

In the opinion of the advocates of the "supply-side theory," the implementation of this measure--the lowering of taxes--will bring about an increase in the proportion of accumulations in industry from 5 percent in 1981 to 6 percent in 1983, and to an even sharper growth of capital investments in new plants and equipment--from 1 percent in 1981 to 10 percent in 1983.<sup>28</sup> Such an effect borders on an economic miracle. Furthermore, lowering taxes, in the opinion of the initiators of this policy, will allow a guaranteed growth of individual savings and accumulations and, as a result, will "create abundance at all levels."

In contrast to this, the monetarists consider the principal task of economic policy to be balancing the budget and limiting the growth of the money supply in order to fight inflation. A tight credit and monetary policy along with a sharp curtailment of state expenditures, primarily at the expense of social programs--these are considered by the monetarists to be the fundamental elements of a healthy economic course. In foreign policy the monetarists likewise adhere to conservative views, argue for a "strong America," and, on the whole, support Reagan's course to achieve military supremacy over the Soviet Union. However, they are disturbed by the fact that the Pentagon budget, exorbitantly inflated and poorly thought out in its individual parts, will lead to the formation of such budgetary deficits as would affect the growth of inflation and interest rates, as well as impeding an economic upswing.

The monetarists do not believe in the magical effect and special influence of tax reductions on economic development. Reflecting the viewpoint of big business, they would prefer to carry out tax reductions for business and lower the rates of individual income taxes only to the extent that this does not facilitate

inflation. Moreover, they see as the principal defect of Reagan's economic program the fact that the excessively steep tax cut which was approved by Congress in the summer of 1981 will lead to a gigantic growth of budget deficits with all the consequences proceeding from that.<sup>29</sup>

Accordingly, various methods are being proposed for getting out of the dead-end in which "Reaganomics" has found itself. The Kemp faction and its followers assert that the cause of the economic misfortunes is the slow and modest-sized tax reduction, practically intangible for the economy, and, in accordance with these views, they demand a speed-up in the implementation of the program for reducing taxes. In contrast, the monetarists insist on raising taxes by means of introducing new duties, for example, a federal sales tax on alcohol and tobacco items and gasoline, as well as the abandonment of a substantial part of the already-adopted program for reducing taxes, particularly the 10-percent reduction of tax rates in 1983. The monetarists are demanding a fundamental cut in the federal budget, primarily at the expense of the social programs; however, in the situation which has taken shape even among them there is an increasing tendency toward some curtailment of military allotments as well, principally at the expense of the secondary military programs.

The roots of the divergent opinions between the monetarists and the adherents of the "supply-side theory" must be sought for not only in the economic sphere but also in the field of politics. The "supply-side theory" and its creator--Professor Laffer--do not enjoy respect among the professional economists. In essence, not a single serious economist in the United States supports this theory. Professor J. Galbraith has said that the "supply-side theory will be remembered like the hula-hoop or any such silly amusement."<sup>30</sup> The strength of the advocates of the "supply-side theory" lies not in the grounds of their scientific suppositions but rather in their energetic political demagoguery, calculated to win over broad masses of voters. It is not difficult to notice that this faction has borrowed a number of slogans from the Democrats: an emphasis on economic growth, guaranteeing employment, even abandonment of a balanced budget, and the appeal to the "little man." And even the principal demand of the "supply-side theory"--the lowering of taxes--as was emphasized by the initiators of this step, is "based on the example of the successful reduction of taxes under the administrations of Kennedy and Johnson."<sup>31</sup> The pseudo-populistic demagoguery of the preachers of the "supply-side theory" explains, to a large extent, Reagan's success in the 1980 elections, in particular, the fact that about half of the working-class voters voted for Reagan. The example of Congressman Kemp may serve as a good example of this. In his 38th electoral district in the region of Buffalo (New York State) most of the voters consist of industrial workers "blue-collar people"; moreover, a considerable portion of the population are Catholics (Poles, Italians, Irish); there are also Negro and Indian minorities. This district constitutes a typical industrial region of the Northeast, infected by depression, since it is the location of many enterprises of the automobile and steel industries, which have suffered the worst from the crisis and where the percentage of unemployment is high. All the trade-union organizations in this region came out unanimously against Kemp; nevertheless, he has been elected three times to the House of Representatives, receiving 82 percent of the votes in the 1980 election. This example demonstrates that pseudo-populistic phraseology, promising an economic miracle, emphasis on economic growth, and guaranteeing employment, all the more so, with the aid of such an

externally attractive means as reducing taxes, are successful in the United States, at least temporarily.

In contrast to pseudo-populists of the Kemp type, the monetarists more or less openly reflect the viewpoint of big business, especially that of finance capital, of Wall Street. Their recipes are as follows: reducing inflation by means of increasing unemployment and slowing down the rate of economic growth, redistributing incomes in favor of the rich, increasing accumulations at the expense of consumption; these represent the traditional, unmasked, class-oriented views of the conservation portion of the American bourgeoisie. They regard the defenders of the "supply-side theory" as pure demagogues, whose rhetoric may be politically useful but whose economic concepts do not stand up to criticism; moreover, they could lead to a disaster if they began to be taken seriously.

It is not surprising that during the 1980 election campaign the Reaganite camp advanced to the foreground of their political rhetoric the Laffer-Kemp slogans--reducing taxes, promising an economic miracle and general prosperity. Even the balancing of the federal budget--the principal thesis which Reagan borrowed from the monetarists--had to take place as a result of the "miraculous" healing of the economy brought about by the reduction in taxes. In its practical policy immediately after coming into power the Reagan administration attempted to implement simultaneously the recipes of both its camps of advocates. However, already within a year of the Republican administration's arrival in Washington it became obvious that such a policy was exacerbating the crisis phenomena in the economy, and a substantial correction of the economic course was required.

By the end of 1981 the positions of the monetarists within the Reagan administration had become noticeably stronger. One of the signs of such a situation was the scandal which flared up over the David Stockman interview in the ATLANTIC magazine.<sup>32</sup> The American mass news media concentrated their attention on two phases in Stockman's utterances: in the first place, on his information to the effect that the administration was manipulating the figures of economic statistics and proceeding to obvious juggling in order thereby to "balance" the federal budget on paper; in the second place, on his frank declaration that the widely advertised program of reducing taxes "for everybody" was only a cover-up, a "Trojan horse" for lowering taxes for the richest people, and that this was the only real purpose of the program.

However, Stockman made these revelations from certain, specific viewpoints. The thrust of his statement consisted in the fact that he, in essence, recognized that the "supply-side theory" was invalid and demanded a transition to the positions of the monetarists, i.e., balancing the federal budget by means of abandoning the "extraordinary" reduction of the individual income-tax rates and by further sharp cuts in outlays. It was precisely for this reason that Stockman received strong support in conservative circles as well as in Reagan's inner circle itself and was not forced to resign. The principal reason why Stockman remained in his office is not his public repentance or his declaration that he "believes absolutely in the supply-side theory,"<sup>32</sup> but rather the circumstance that he is the chief expert in the Reagan administration on cutting budget expenditures, a person who can, albeit to a limited degree, reduce the budget deficit. At the same time, the retention of Stockman in the post of head of the Office of Management and Budget

also testifies to the strength of the monetarists' positions within the ruling circles.

The monetarists, who had intensified their pressure on the administration by the end of the year, demanded a course correction along the following lines: increasing taxes on the population, expanding the privileges of business, and curtailing outlays. Inasmuch as an abandonment of the already-adopted program of reducing income-tax rates in 1982--a year of Congressional elections--has been excluded for political reasons, advisers have recommended the introduction of a new, federal sales tax on the sale of alcoholic beverages, tobacco items, and gasoline. Curtailment of outlays, 'in the opinion of this group of presidential advisers, would have to proceed at the expense of further cuts in the social programs. However, according to the information which has penetrated into the American press, such advisers as Stockman and Baker have also demanded a certain curtailment of the planned military expenditures (by amounts ranging from 30 to 50 billion dollars during the course of 1983--1984).

A new round of struggle in the ruling circles around the administration's economic strategy began after the administration sent its draft budget for the 1983 fiscal year to the Congress. This time there was a revolt even by the most faithful of Reagan's conservative followers in the Senate: the Senate majority leader, H. Baker, the Finance Committee chairman, R. Dole, the Budget Committee chairman, P. Domenici, Senator P. Laxalt a personal friend of Reagan, and other conservatives. Setting forth the viewpoint of big business, FORTUNE magazine wrote as follows in April 1982: "The actions of the administration and Congress in connection with the nightmarish deficits threatening the financial markets will have a decisive influence as to how high the interest rates will be at the end of this year and in 1983."<sup>34</sup> "Entrepreneurs are deprived of the possibility of conducting business when the interest rates range from 15 to 20 percent," declared Lee Iacocca, president of the Chrysler company.<sup>35</sup> It is precisely from these positions that the conservatives in the Senate were acting.

After Stockman's revelations the broad-based American public got the idea about what kinds of methods were being used to draw up draft budgets in the Reagan administration. In particular, it became obvious that the size of the deficit indicated by the administration for the next year had to be approximately doubled, while the figures given out for the following years could not be trusted at all. It was precisely on this basis that the Congressional Budget Office was proceeding when it declared that, according to its analysis, the deficit in 1983 would amount not to 91.5 but rather 182 billion dollars, whereas during the ensuing years it would not be reduced but rather increase, and in 1985 would amount not to 72 but rather 296 billion dollars.

After many weeks of discussion the Senate Budget Committee in April 1982 unanimously rejected the Reagan budget. This time the administration was compelled to make concessions. At the beginning of May it was announced that the administration had concluded an agreement with the Republicans in the Senate, which they would now jointly defend in the Congress. A de facto new version of the budget was drawn up, based on the proposals of the senators. Thus, Reagan turned out to be the first President of the United States during the post-war period whose budget was rejected by Congress and who was compelled to ally himself with an alternative budget worked out by members of the Republican Party in the Senate.

The essence of the compromise consisted of the following: military expenditures for the next three years (1983--1985) are reduced by 20 billion dollars, as compared with the level previously planned by the administration (in 1983--by 5 billion dollars); all the remaining outlays are to be frozen de facto at the present levels; tax legislation is being tightened up; moreover, as a result of closing various "tax loopholes" it is planned to obtain additional revenues of 95 billion dollars during the next three years. After the introduction of such corrections to the budget, as the authors of the compromise have asserted, the budget deficit in 1983 will amount to 105 billion dollars, in 1984--at the level of 60 billion dollars, and in 1985--50 billion dollars.

The gist of the corrections introduced by the Republicans amounted to an adjustment of the budget in the spirit of the monetarist concepts. For the first time the administration was compelled to agree with a de facto increase in taxes. Yielding a point to the moods of public opinion, the authors of the compromise also proposed to cut some of the military expenditures. However, this reduction, purely nominal, on a level of approximately 3 percent of the total amount of the military budget, means that that the colossal armaments program will remain untouched de facto.

The agreement reached with the Republicans in the Senate was only the beginning of the battle around the draft budget in the Congress. It was hardest of all for the Reagan administration to overcome opposition in the House of Representatives. Inasmuch as all the members of the House are up for re-election in November, the House reacts with particular sensitivity to the moods of the voters who are dissatisfied with the results of the administration's economic policy. However, the administration still did manage to get through Congress the draft budget which had been worked out in conjunction with the Republicans in the Senate. On 21 May the Senate and on 10 June the House of Representatives approved with some minor changes the above-mentioned variant. Forty-six conservative Democrats in the House of Representatives voted together with the Republicans, and this played a decisive role in the given phase. According to the adopted procedure, the final variant of the budget must be passed by the Congress in the autumn of 1982.

The struggle within the ruling circles is taking place against the background of growing opposition to the Reagan administration's course on the level of mass social-protest movements. Of enormous importance is the position of the working class and its organizations--the trade unions.

In response to the administration's offensive against the interests of the working people the main trade-union association of the United States, the AFL-CIO, has set forth its own alternative economic program. One must take into consideration the fact that the leaders of the AFL-CIO, despite their conservatism, on questions of domestic policy directly touching upon the interests of the working people are compelled to take into account the attitudes of the rank-and-file trade-union members more than in the sphere of foreign policy. It is precisely for this reason that the trade unions have decisively come out against curtailing the social programs, are demanding that an equitable reform of the tax structure be carried out, and have a critical attitude towards "Reaganomics" as a whole.

The basic positions of the AFL-CIO's alternative economic program boil down to the following points.<sup>36</sup> The trade unions demand a sharp reduction in the interest rates for banking credit, both commercial and consumer-type. This demand is

directly aimed against the monetarist policy of the Federal Reserve system, against the attempts of business circles to slow down the rate of inflation by means of increasing unemployment and lowering the working class's standard of living. The trade unions consider it necessary to combat inflation by means of direct, governmental controls on prices, especially on the prices of gasoline, natural gas for home heating, medical services, housing costs, and food products. This position of the trade-union program means that the trade unions advocate increasing, rather than decreasing, the role of the state in the economy, and thereby they diverge in principle from the creators of "Reaganomics," the monetarists as well as the advocates of the "supply-side theory." In an analogous manner the trade unions advocate an expansion rather than a winding down of public-employment programs, since, in their firm conviction, it is not the free market and private capital but only the state which can provide jobs for the least-skilled portion of the work force which is in the greatest need of help. An extremely important point of the trade-union program is a proposal for tax reform which directly contradicts the concepts of Laffer-Kemp-Reagan. The trade unions are proposing a tax deduction in the amount of 20 percent of the total payable in the form of a tax for social insurance. Inasmuch as this tax is regressive in nature, the greatest advantage from such a reform would be obtained by the unprivileged strata of the population, the working people. Moreover, such a reduction in taxes would not lead to the appearance of enormous deficits, as is the case of the implementation of the 25 percent reduction of the income-tax rates.

Inasmuch as the monetarist concepts constitute an open program of big capital, against which the trade unions have already been struggling for several decades, at the present time the trade unions are paying particular attention to exposing the more masked "supply-side theory." The trade-union press points out that, even if one agrees with the assertion of the theory's followers that a tax reduction on capital would lead to rapid economic growth, it turns out that it is necessary to grant tax rebates amounting to 230,000 dollars in order to create just one job. The trade-union mass news media are ridiculing the inept assertion by the advocates of the "supply-side theory" that lowering income-tax rates and taxes on corporations would lead within a very short time period to an economic upsurge and a corresponding increase of revenues coming into the treasury; in other words, that a tax reduction would lead to an increase in revenues. The practical experience of implementing "Reaganomics" has confirmed the correctness of the workers' organizations.

Even in the sphere of foreign policy and defense, where the right-wing leaders of the AFL-CIO have always formed a solid front with the "super-hawks" from the bourgeois camp, certain shifts are being observed. At the session of the AFL-CIO Executive Committee in August 1981 the following declaration was made: "The AFL-CIO remains a firm advocate of a strong national defense.... However, this does not mean that we are for unlimited allotments to the Pentagon."<sup>37</sup> AFL-CIO presidential assistant Kenneth Young characterized the attitude of this organization to Reagan's program in this area in the following manner: "We have always said that we need both guns and butter. Now the administration has decided that butter is not necessary at all. Only guns."<sup>38</sup>

Nevertheless, the AFL-CIO leaders with regard to politics have continued to tag along behind the bourgeois parties, primarily the Democratic Party, while in the

sphere of foreign policy they support such negative manifestations of the Reagan administration's course as its policy with regard to Poland.

American Communists have set forth a much more decisive program for combatting "Reaganomics," one which responds to the genuine interests of the U.S. working class. Appearing on 16 January 1982 in Detroit, CP U.S.A. General Secretary Gus Hall formulated the basic positions of this program under the following points:

--a shorter work week;

--a ban on closing down enterprises;

--nationalization of major industrial enterprises;

--an extraordinary employment program, providing for the revival of run-down cities, the construction of new apartment houses, schools, and hospitals;

--a precise program for restoring all the cuts made to the social programs and the addition of the necessary new allotments;

--a plan for imposing taxes on corporate profits in order to ensure the necessary revenues to the state treasury;

--cutting the military budget by 100 billion dollars.

American Communists have called for the creation of a popular front to fight against the policy of the Reagan administration and to organize a 1982 pre-election campaign.

On the whole, it can be stated that mass resistance to Reagan's domestic and foreign policy is growing. The march on Washington on 19 September 1981, in which, by various estimates, from 250,000 to half a million persons took part, demonstrated the moods of the American public. The off-year elections of 1982 should serve as yet another important indicator of the American working people's attitude toward the policy of the Reagan administration.

#### FOOTNOTES

1. TIME, 28 December 1981, p 61.
2. NEW YORK TIMES, 29 April 1982.
3. NEW YORK TIMES, 21 June 1982.
4. U.S. NEWS AND WORLD REPORT, 7 December 1981, p 64.
5. TIME, 29 March 1981, p 25.
6. AFL-CIO NEWS, 14 November 1981, p 19.



7. AMERICAN FEDERATIONIST, No 4, 1981, p 9.
8. AMERICAN FEDERATIONIST, No 4, 1981, p 6.
9. Ibid., No 9, 1981, p 5.
10. Ibidem.
11. "The Budget of the United States Government. Fiscal Year 1983," Washington, 1982, pp 2-5.
12. FORTUNE, 19 April 1982, p 86.
13. NEW YORK TIMES, 29 April 1982.
14. AMERICAN FEDERATIONIST, No 6, 1981, p 1.
15. ECONOMIC INDICATORS, No 9, 1981, p 30.
16. Ibidem.
17. WALL STREET JOURNAL, 4 December 1981.
18. NEW YORK TIMES, 29 April 1982.
19. "The Budget of the United States Government. Fiscal Year 1983," Washington, 1982, pp 9--3 [?].
20. NEWSWEEK, 12 April 1982, p 26.
21. "Teoriya predlozheniya" is a rather provisional translation of the term "supply-side economics." The essence of this term is characterized more precisely by the following translation: the theory of stimulating growth of production by means of reducing taxes. But inasmuch as such a translation is too lengthy and inasmuch as the term "teoriya predlozheniya" has already become widespread in the Soviet economic literature, we will, therefore, retain it here.--Author's note.
22. In particular, they reject the demand for a return to the gold standard, which is a "hobby-horse" of Laffer and Kemp; and they call the renowned "Laffer Curve" a "caricature" of the genuine arguments in defense of reducing taxes.--WALL STREET JOURNAL, 8 October, 1981.
23. J. O. Wilson, "Will the Reagan Economic Programme Work?", San Francisco, 1981, pp 8-9.
24. WALL STREET JOURNAL, 8 October 1981.
25. "Kemp Opposes Drastic Cuts in Social Security. Congress Must Act to Strengthen the System," CONGRESSIONAL REPORT, Washington, 1981, pp 1-3.

26. CONGRESSIONAL RECORD, 10 July 1979, Vol 125, No 91, Washington, 1979;  
"While Soviet Military Build-Up Continues at an Unprecedented Rate, U.S.  
Forces Need Weapons, Ammo and Skilled Manpower," CONGRESSIONAL REPORT,  
Washington, 1980, p 2.
27. "Kemp-Roth--A Tax Cut for the Rich, Or a Tax Cut for All Americans," Buffalo  
(N. Y.), 1981.
28. J. O. Wilson, Op. cit., p 12.
29. NEWSWEEK, 17 August 1981, p 8; U.S. NEWS AND WORLD REPORT, 7 December, 1981,  
p 64. Of the total amount of the planned tax cut of 730 billion dollars,  
approximately 150 billion is accounted for by tax reductions for business,  
while the remainder will go to reduce personal income taxes.
30. COURIER EXPRESS, 15 October 1981.
31. CONGRESSIONAL RECORD, 4 May 1978, Vol 124, No 64, Washington, 1978.
32. Strictly speaking, the piece in the ATLANTIC magazine was not an interview  
but the setting forth of a number of private conversations with Stockman.--  
Author's note.
33. THE REVIEW OF THE NEWS, 25 November 1981, p 11.
34. FORTUNE, 19 April 1982, p 85.
35. Ibid., 22 March 1982.
36. AMERICAN FEDERATIONIST, No 1, 1981, pp 12-17.
37. AMERICAN FEDERATIONIST, No 9, 1981, p 1.
38. TIME, No 3, 1982, p 36.

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BOOK ON LATIN AMERICAN REVOLUTIONS SINCE 1959 REVIEWED

Moscow RABOCHIY KLAS I SOVREMENNYI MIR in Russian No 4, Jul-Aug 82 pp 169-172

[Review by E. S. Dabagyan of book "Latinskaya Amerika: Revolyutsiya i Sovremennost'" /Latin America: Revolution and the Present Day/ by B. I. Koval', Moscow, "Nauka", 1981, 198 pages]

[Text] The new work by the well-known Soviet Latin American specialist, B. I. Koval', is a logical continuation and culmination of his two previous works, which were met with interest by the scientific public.<sup>1</sup> As was justifiably emphasized in the afterword to the book under review by the general editor of all these works, Professor V. V. Zagladin, "the three books, taken together, constitute an integrated whole. Their general contents encompass the workers'--and, more broadly, the anti-imperialist, anti-oligarchical, i.e., revolutionary--movement of the peoples of South and Central America during the 20th century " (p 189).

The given work, which completes this series, encompasses the period from the victory of the Cuban Revolution in 1959 to the victory of the people's revolution in Nicaragua in 1979. During this comparatively brief segment of time exceptionally important qualitative changes occurred in the lives of all the Latin American countries. They have affected the development of capitalism and the deployment of the political forces, the class nature of power, the development of the political self-awareness of the broad masses of working people, the character and forms of the anti-imperialist movement, the scope of the proletariat's strike struggle, etc. As the author has noted, "with regard to social content, the abundance of major revolutionary events, and the scope of the class struggle," this "period is unique, since it constitutes the first stage of the genuine transition of Latin America to socialism" (p 7).

The book provides a scientifically argued periodization of the workers' and anti-imperialist movement on the continent during the two decades under study. At its foundation the author places major socio-political events, which "were not only of national but also of continent-wide importance and even, on a wider scale, of international importance" (p 48). B. I. Koval' relates the people's revolutionary outbreaks to this. He counts seven nation-wide revolutions in Latin America after 1959--those in Peru, Panama, Bolivia, Ecuador, the Dominican Republic, Chile, and Nicaragua, and he identifies three periods in the development of the contemporary phase of class struggle on the continent.

The first period was inaugurated by the victory of the Cuban Revolution and continued right up to the defeat of the Chilean Revolution in 1973; it is defined as a period of general revolutionary onset and reforms. The second period--one of temporary retreat and regrouping of the revolutionary forces--encompasses the years 1973--1978. The third period began in 1979 with the victory of the people's revolution in Nicaragua; it is characterized by a general revival of the anti-imperialist movement, the strike struggle, and activation of the forces of anti-fascist resistance (p 49). Within the framework of each period particular milestones are identified, taking into account the multi-faceted, national specifics, uneven course of class struggle, and anti-imperialist movement in the individual countries.

In the chapter devoted to the experience of the most important revolutionary battles of the first of the above-indicated periods it is noted that the development of the class struggle and the anti-imperialist movement had its own specifics in the various countries, successes alternated with failures, and the dynamics of the revolutionary processes took shape in different ways. "And nevertheless," the author makes the methodologically important generalization, "during the course of several years the foremost trend was the general offensive of the revolutionary forces. The reactionaries were on the defense, basically, although they did attempt to make the move to a counter-offensive. The opposition between the forces of revolution and those of counter-revolution reached the highest level and led to extraordinarily important social consequences" (p 54).

Considerable attention in this chapter is accorded, in particular, to an analysis of the revolutionary process in those countries (Peru, Panama, Bolivia, Ecuador, and Honduras) where progressive military regimes with an anti-imperialist orientation were established; these are designated by B. I. Koval' as "military-nationalistic revolutionary" (p 66). In explaining the causes which brought this unique phenomenon to life, the author writes as follows: "Under conditions of the political and moral decay of the traditional bourgeois-landowner parties, on the one hand, and the relative weakness of the labor and Communist organizations, on the other hand, the left-wing officers, bound together by caste and patriotic ties, acted in the role of an independent political force with its own political platform and ideology, with its own precise organizational structure in the center and in the local areas" (p 69). In analyzing the social contents of these regimes, their political orientation, and also the form of the state structure, the author concludes that they were unique revolutionary-nationalistic dictatorships, expressing the interests of broad strata of the population, as well as those of anti-imperialist groups of the native bourgeoisie. Within the structure of the new state regime the leading positions were occupied by revolutionary-democratic forces--the military intelligentsia and the urban petit-bourgeois strata, while the organizational and leading core was comprised of progressive officers who had become politically mature for decisive actions in defense of the national-democratic interests.

With all the complexity and contradictory nature of the development of the revolutionary processes under the conditions of the military-nationalistic regimes, with all the considerable difficulties on the path to unifying the democratic wing of the army and the broad strata of the people (difficulties connected, not in the last place, with the instability of the political conduct of the petit-bourgeois military democrats), despite, finally, the fall itself of these regimes, "their

reformist, anti-imperialist, and anti-oligarchical activities," the author emphasizes, "left a profound imprint. A number of changes became irreversible in nature. But the main thing is that there was an accumulation of exceptionally important experience of political cooperation between the patriotic strata of the army and the popular masses" (p 77).

In analyzing the experience and lessons of the people's democratic and anti-imperialist revolution in Chile, the author, taking into account the presence of multi-faceted and detailed Soviet and foreign studies on this complex subject, has concentrated his own attention on the following three, basic questions: on Chile's experience in the light of the Leninist concept of the peaceful path to revolution; on the capability of the working class and its party to ensure a firm alliance with the intermediate and petit-bourgeois strata for the entire period of the struggle; on the role of the ultra-left-wing tendencies in the outcome of the Chilean Revolution. Moreover, he manifests a dialectical approach to the appraisal of complex, multi-faceted phenomena. All three of these problems, about which heated disputes and discussions have raged to this very day, B. I. Koval' emphasizes, are closely inter-related. "The experience of the Chilean Revolution," he writes, "has obviously confirmed both the extraordinary complexity of the peaceful path of revolution, the reality as well as the difficulty of achieving an alliance of the democratic forces, the subjective revolutionism as well as the counter-revolutionary role of the ultra-left-wing factions" (p 87).

Moreover, with regard to evaluating the importance and the lessons of the Chilean Revolution as a whole, the author indicates two factors which are important from his point of view: it was the culminating, highest stage of the period of the offensive on the part of the anti-imperialist forces; even though it did suffer a temporary defeat, it will always be included in the history of the international labor movement as a major social event of the 20th century.

In such countries as Colombia, Venezuela, Argentina, Uruguay, Mexico, as well as--right up to the end of the 1970's--the countries of Central America and the zone of the Caribbean Basin, the anti-imperialist and anti-oligarchical movement during the two decades under study has not grown into a social revolution. Nevertheless, it is noted in the chapter entitled "The Working Class in the Vanguard of the Anti-Imperialist Struggle" that the development of the class struggle in these countries has taken on a new scope and acuteness; each of them had its own national specifics; however, several common tendencies and principles have also manifested themselves, and, above all, a close interweaving of patriotic demonstrations with the struggle of the working class against all forms of exploitation and oppression.

In our view, the given chapter falls somewhat behind the others both as to breadth of coverage as well as in the degree of generalization of material. In particular, there is an insufficient presentation of the revealed specifics of the class struggle in those countries (Colombia, Venezuela, and Mexico) where a considerable ideological-political influence is enjoyed by the reformist parties and trade unions. At the same time, this chapter does have some successful sections. This pertains, in the first place, to an analysis of the characteristics of the socio-political processes in the young states of the Caribbean Basin. Furthermore, of great importance, in our opinion, is B. I. Koval''s evaluation of the activity of the ultra-left-wing, military-political organization known as the

"Tupamaros" in Uruguay. "Recognition of the erroneousness of the 'Tupamaros'" strategy," the author writes, "does not, however, mean that their movement was absolutely reactionary in its nature. No, it even played a certain kind of positive role. In their own way, the "Tupamaros" facilitated the growth of anti-imperialist, revolutionary attitudes among the masses...." (p 117).

In comparing the results and scope of the class struggle respectively in the two above-mentioned groups of countries as a whole, the author emphasizes that, although there are obvious differences, nevertheless, these groups of countries do have something in common, i.e., a significant movement forward of the democratic countries, a gain by them of new strategic positions--a circumstance which evoked "extreme alarm among the dominant classes and worldwide reactionaries," arousing them to "make the transition to a general counter-offensive. The political expression of this transition was the enforced imposition of military-reactionary regimes...." (p 131).

The chapter entitled "Anti-Fascist Resistance and New Revolutionary Victories" provides a characterization of the regimes which were established in a number of the continent's countries after the defeat of the Chilean Revolution. Conducting a polemic against the opinion of several researchers, B. I. Koval' characterizes these regimes as "neo-fascist military-police dictatorships" (p 132). In his opinion, military-fascist regimes constitute a new phenomenon in principle in Latin America. "Neo-fascism in power," he writes, "is the dictatorship of monopolistic native and foreign, primarily North American, corporations and the counter-revolutionary military cliques which are in their service. The function of neo-fascism boils down to the following two main tasks: 1) suppression of the revolutionary labor and anti-imperialist movement; 2) stimulating the development and implantation 'from above' of the newest forms of capitalism in order to modernize the economy, politics, ideology, and the speeded-up transition to the stage of state-monopoly capitalism" with the aid of any force (pp 133-134).

The temporary shift of forces in favor of the reactionaries which occurred in the southern part of the continent led to a situation whereby the center of the revolutionary movement began to shift more and more noticeably to the North--to the zone of Central America and the Caribbean Basin. The author shares this point of view, that Central America now constitutes the weak link in the system of imperialist domination in Latin America (p 146). At the present time it is a focus of acute confrontation between the forces of revolution and progress and the forces of imperialism and reaction. At the turn of the 1980's the revolutionary camp has succeeded in achieving important victories here.

A vivid example of this is the Sandinista people's revolution in Nicaragua, the first victorious people's revolution after the Chilean tragedy. It was "not only of national but also of continental and international importance" (p 146), having marked the beginning of a new phase in the development of the revolutionary process in this zone of the world. By its nature it was a democratic, anti-oligarchical, and anti-imperialist revolution with an orientation towards socialism (p 155).

The book interprets the experience, lessons, and significance of the Sandinista revolution. It constitutes, writes the author, not an isolated and short-time

episode but a complex and lengthy historical process, the foundation of which was laid in 1928 by the outstanding patriot and revolutionary democrat, Augusto Cesar Sandino. The role of the revolutionary vanguard in the process of its development was played by the military-political front--the SFNO [?/], which combined within itself party and military-partisan functions. The Nicaraguan experience overturned the previously existing over-simplified characterization of partisan actions, confirmed the correctness of many of Che Guevara's positions, and implemented his titanic efforts to create a mighty people's partisan movement (pp 146-155). But the Nicaraguan experience also once again confirmed in practice the fact that until such time as the broadest masses are included in the struggle, there are no chances for victory.

One of the traits of the book under review is the fact that the author's field of vision includes all the significant, even the new, phenomena of the public and political life in the Latin American countries. Among those worthy of mention and analysis B. I. Koval' on fully justified grounds includes the activation of the social-democratic movement on the continent. In connection with this, according to the researcher's opinion, of exceptional importance for the progressive forces of Latin America at this time are the following two questions: on the continuation and expansion of the ideological work of the Communist parties, directed against all forms of opportunism and reformism, against the export of the ideas of the European social democracy as alternatives to communism; on the quest for business-like contact and cooperation between Communists and social-democrats in the sphere of the concrete political struggle against imperialism and reaction. "On how these questions will be answered," the author concludes, "to a large extent, will depend the prospects of revolutionary processes as a whole on the continent and in the individual Latin American countries" (p 176).

In analyzing the development of the revolutionary, anti-imperialist processes on the continent, B. I. Koval' in a broad-based and multi-faceted manner shows the outstanding role and vanguard mission of the Marxist-Leninist parties. Steadily remaining at the center of the author's attention are the questions of the strategy and tactics of the Communist and workers' parties, along with their ideological-theoretical work. The book clearly and convincingly demonstrates, on the basis of numerous examples and facts, that the Communist parties of the Latin American countries have subordinated all their activities to solving the great historical problem--the gradual leading of the masses to a socialist revolution by means of their accumulated experience at the stage of the democratic struggle, strengthening the organizational principle and militancy of the working class, and raising the political awareness of the working people.

An evaluation of B. I. Koval''s book would be incomplete if we did not note its polemical quality. It is polemical in both content and form. The author does not avoid sharply disputed problems; he polemicizes not only against bourgeois and reformist authors but also against his own Soviet colleagues.

Above all, this pertains to the problems of "dependent capitalism." Here the author continues the line which he marked out in a previous work,<sup>2</sup> where he turned to the discussions which were conducted during the 1930's and which have taken on a particular urgency for our own times; now the author himself is a direct participant in this polemic.

More and more often, he notes, what is understood by "dependent capitalism" is a certain exclusivity of native capitalism, maintaining, so to speak, the position that capitalism as a means of production in Latin America is underdeveloped and, therefore, forms a backward "periphery of capitalism." With such an interpretation of this concept, B. I. Koval' notes, the social contradictions of the present phase of capitalist development are deprived of genuine contents and sharpness. The main thing is that thereby the objective prerequisites for a socialist future already created by capitalism are substantially lessened (pp 24-25).

Nevertheless, he emphasizes (p 25), Latin American capitalism "no matter under what conditions of dependence and backwardness has not lost its essential nature as a /component part of the integrated world capitalist system/" (our italics--E. D.). In this connection, B. I. Koval' is in solid agreement with the thought uttered by the Soviet researcher A. F. Shul'govskiy to the effect that the concept of "dependent capitalism" often leads its advocates to a revival of the theory of "ultra-imperialism."<sup>3</sup>

In developing his own arguments within the framework of the discussion, B. I. Koval' emphasizes how essential it is "to define the level of development of capitalism and, accordingly, the level of development of the class contradictions and class struggle inherent to this system, moreover, of course, with the most careful consideration being given to the problem of the dependence on imperialism, which influences the course and forms of the class struggle" (p 29).

Both methodologically and politically it is important to identify the group of states with an average level of capitalist development (where most of the Latin American countries would have to be included). The definition of the level of capitalist development as average characterizes its mature stage, distinguishing this stage both from the phase of the birth and emergence of the capitalist mode of production as well as from the highest stage of its development--the monopolistic. Thus, the average level of capitalist development, B. I. Koval' emphasizes, signifies the presence of a definite minimum of the material prerequisites for a genuine struggle for socialism (p 25). Hence the attention which is accorded in this book, in particular, in the first chapter, to an analysis of the productive forces and the production relations which comprise the material base for the development of the revolutionary processes.

Still another indisputable merit of the book is the examination within it of the revolutionary processes on the continent as an inalienable component of the world revolutionary process. Of undoubted interest, for example, is the remark concerning the internal, dialectical inter-connection between such revolutionary events of recent years, so remote from each other in space, yet connected with commonly shared changes in the deployment of class forces in the world arena, as the revolution in Nicaragua and that in Iran, as well as the demonstration of certain of their common traits (see pp 163-164).

At the same time, we do agree with the opinion of the book's general editor that in many cases the reader "would be interested in becoming acquainted with additional facts and ideas and, perhaps, would also like to receive some new arguments, demonstrating more fully the author's conclusions...." (p 189). For my own part, let me add that this work bears the impression of a certain haste, which has led to certain factual inaccuracies, in a number of cases to the incorrect



spelling of proper names--this pertains to such names as J. A. Melgar Castro (Honduras), Rojas Pinilla (Colombia), Rene Theodor (Haiti), Victor Manuel Tirado (Nicaragua), and others (pp 76, 91--93, 142, 148). P. 51 has wrong dates for R. Betancourt's administration in Venezuela. (Let us cite the correct dates here: 1959--1963). The list of such errors, unfortunately, could be continued.

But the above-mentioned shortcomings and defects do not, on the whole, detract from the very high marks earned by B. I. Koval's book. It is written in a good literary language, based on the use of a wide circle of sources and literature, and is distinguished by a dynamism of exposition, a saturation with factual material, which is skillfully combined with the author's thoughts, generalizations, and original conclusions.

All this allows us to hope that this book will occupy a worthy place in the series of works devoted to an analysis of the contemporary, world revolutionary process.

#### FOOTNOTES

1. B. I. Koval', "Svet Oktyabrya nad Latinskoy Amerikoy" [The Light of the October Revolution over Latin America], Moscow, 1977; B. I. Koval', "Rabocheye dvizheniye v Latinskoy Amerike. 1917-1959 gg." [The Labor Movement in Latin America: 1917-1959], Moscow, 1979.
2. For a more detailed treatment see RABOCHIY KLASS I SOVREMENNY MIR, No 4, 1980, pp 163-164.
3. LATINSKAYA AMERIKA, No 2, 1979, p 124.

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